

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 L-03 CIAE-00 DODE-00 INR-07 NSAE-00

PA-01 USIA-06 PRS-01 SP-02 AID-05 COME-00 EB-07

FRB-03 TRSE-00 XMB-02 OPIC-03 CIEP-01 LAB-04 SIL-01

OMB-01 ABF-01 AF-06 SAM-01 /068 W

----- 120870

R 251519Z SEP 75

FM AMEMBASSY LISBON

TO SECSTATE WASHDC 4386

INFO USMISSION EC BRUSSELS

AMEMBASSY LONDON

AMEMBASSY MADRID

AMCONSUL OPORTO

AMEMBASSY PARIS

USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: EFIN, CPRS, PO

SUBJ: FURTHER RESTRICTIONS ON INFLOW OF ESCUDO NOTES

REF: LISBON 4506 NOTAL

BEGIN UNCLASSIFIED

1. SEPTEMBER 25 MORNING PRESS CARRIED BANK OF PORTUGAL (BOP) COMMUNIQUE ANNOUNCING FURTHER RESTRICTIONS ON INFLOW OF ESCUDO NOTES. TRAVELLERS (RESIDENT OR OTHERWISE) ENTERING PORTUGAL WILL NOT BE ALLOWED TO BRING IN MORE THAN 1,000 ESCUDOS IN NOTES. FURTHERMORE, ANY ESCUDO NOTES TRANSFERRED TO PORTUGAL AS PAYMENT FOR PORTUGUESE EXPORTS IN MANNER NOT PROVIDED FOR BY CURRENT LEGISLATION WILL BE DEPOSITED IN A SPECIAL ACCOUNT, TO BE PAID ONLY TO RESIDENTS IN PORTUGAL, AFTER BOP AUTHORIZATION.

2. COMMUNIQUE STATED THAT BOP ACTION IS DUE TO FURTHER ATTEMPTS
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BY FOREIGN HOLDERS OF ESCUDO NOTES TO CIRCUMVENT PREVIOUS EX-

CHANGE RESTRICTIONS BY SELLING NOTES ABROAD TO IMMIGRANTS,
TOURISTS AND FOREIGN COMPANIES. END UNCLASSIFIED

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3. COMMENT: REQUIREMENT THAT UNAUTHORIZED ESCUDO TRANSFERS
FOR EXPORT PAYMENTS BE DEPOSITED IN RESTRICTED ACCOUNT FOLLOWS
PATTERN SET IN AUGUST FOR INTER-BANK TRANSFERS OF ESCUDO NOTES
(REFTEL). IT HIGHLIGHTS CONTINUING ABILITY OF ESCUDO HOLDERS
ABROAD TO CIRCUMVENT BOP EXCHANGE RESTRICTIONS. MAJOR IMPACT
OF LATEST RESTRICTIONS WILL LIKELY BE TO ACCELERATE FALLING
CONFIDENCE IN ESCUDO RATHER THAN TO BLOCK DETERMINED EVADERS
OF EXCHANGE CONTROLS.

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Message Attributes

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Disposition History: n/a
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Margaret P. Grafeld
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06 JUL 2006

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Review Withdrawn Fields: n/a
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TAGS: EFIN, CPRS, PO, BANK OF PORTUGAL
To: STATE
Type: TE
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